Management staff of the Department of Treasury (Treasury) and Department of Information Technology, Agency Support Services (DIT-Agency Services), must separate duties so one individual does not control all critical stages of processes that could be manipulated for gain or used for appropriation of information for non-official duties. Separation of duties is a key internal control that prevents a single individual from controlling two or more phases of a specific operational or technical process to reduce the risk of erroneous or fraudulent transaction processing, implementation of improper program changes, and/or destruction of computer resources.

Separation of duties is achieved by dividing responsibilities between two or more individuals or organizational groups to diminish the likelihood that error and wrongful acts will go undetected because the activities of one group or individual will serve as a check on the activities of the other. The degree of necessary separation is guided in part by the existence of other appropriate system and procedural controls and practices such as granting access rights, establishing policies and procedures, maintaining user record history and audit trails, and monitoring user activity. Treasury management staff, in conjunction with the DIT and Office of Security, are required to ensure that errors and irregularities are prevented or detected on a timely basis by employees in the normal course of business by establishing adequate separation of duties.

To ensure data integrity, confidentiality and availability Treasury and DIT-Agency Services management staff must ensure:

- No one person shall have complete control over any transaction from initialization to completion.
- Duties are appropriately separated by analyzing their operations, identifying incompatible duties and assigning these duties to two or more individuals or organizational groups.
- Separation between operational, development and test systems is maintained to reduce the risk of unauthorized changes or access to operational software or data.
- Respective organizational responsibilities are documented.
- Separation between production development and testing activities is maintained.
- Each employee has a documented job description that clearly defines his or her duties.

The following categories of duties or responsibilities, although not all encompassing, are considered incompatible and must be separated:

1. Initiating and approving transactions
2. Updating vendor/student records and approving financial transactions
3. Processing transactions and granting access authorization to systems/applications.

Treasury management staff is responsible for enforcing organizational and access controls but not limited to the following restrictions:

1. Inputting disbursement information and approving disbursements

2. Issuing/distributing refund checks and making adjustments to vendor/student accounts

3. Updating student educational records and issuing educational certificates

4. Adding newly hired employees to the payroll system and issuing payroll disbursements

5. Recording receipts and preparing bank reconciliations.

Treasury and DIT-Agency Services management staff must separate duties within the following information technology functional categories:

1. Initiating and approving computer program changes
2. Operational responsibilities and system development functions
3. Database administration and programming functions
4. Database administration and system development.

Treasury, DIT-Agency Services and DIT Data Processing Operations (DIT-DPO) management staff is responsible for ensuring the following restrictions are achieved through organizational division and access controls:

1. Preventing application users' access to operating system or application software

2. Prohibiting programmers from moving programs into production or having access to production libraries or data

3. Restricting access to operating system documentation to authorized systems programming personnel

4. Restricting access to application system documentation to authorized applications programming personnel

5. Restricting access to production software libraries to library management personnel

6. Prohibiting DIT technical staff from originating/correcting transactions and initiating changes to application files

7. Running development and operational software on different computer processors, in different domains or in different directories.

Treasury and DIT-Agency Services management staff must:

- Document control techniques
- Conduct ongoing reviews of control techniques
- Ensure that controls are functioning as intended
- Maintain risks within acceptable levels.

In those instances where duties cannot be fully separated, Treasury, DIT-Agency Services and DIT-DPO management staff are responsible for establishing mitigating or compensating controls. Compensating controls are additional procedures designed to reduce the risk of errors or irregularities. Treasury and DIT-Agency Services management staff are responsible for seeking approval of these controls from the Office of Internal Audit, Department of Management and Budget (DMB), prior to implementation.

Control techniques surrounding separation of duties are subject to an audit by the Office of Internal Audit, DMB, to determine whether control techniques for separating incompatible duties are functioning as intended and whether the control techniques in place are preventing risks or maintaining risks within acceptable levels. The audit results must be documented in an official report and communicated to the respective organization unit, Office of Security and Chief Deputy Treasurer. Treasury and/or DIT-Agency Services management staff must develop a plan to improve control techniques if unacceptable risks are identified in the official report.

Any employee subject to this Policy who fails to comply is subject to disciplinary action, up to and including dismissal. An agent or vendor operating on behalf of Treasury failing to comply with this Policy could face contractual sanctions, including termination of its relationships with Treasury and/or DIT.

End